



SWITCHING INTO THE FAST LANE

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EVALUATION OF 10 YEAR PLAN

1. Grow USA Riders to 2 Millions – YES
 - Potential with Women
2. Bring 100 “High Impact” Motorcycles – NO
 - No in this environment
3. Grow International business to 50% Annual volume – YES
 - Expand global market
4. Increase return on invested capital to top 25% of the S+P 500 – Plan to
 - Exciting financial projections for EPS
5. Growth in an environmental and sustainable way – YES
 - EV vehicles & Plan for the future

PROBLEM

- Disruptive forces and innovation are threatening the successful implementation of the ambitious 10 year plan to grow the business.

RECOMMENDATION

- Is to offer new bikes that will appeal to new global and domestic customer segments

AGENDA

- Where are we today?
- What does the business context look like?
- What does the industry look like?
- What does the market look like?
- What decision criteria was considered
- What are the alternatives?
- Recommended alternative
- Suggested implementation
- Financial projections

WHAT IS YOUR CURRENT STATE?



WHAT ARE YOU GREAT AT - CORE COMPETENCIES

Motorcycles –
superior
custom designs

Clearly defined
target markets

Overall very
strong player in
the market

OUR BUSINESS CONTEXT

- Large increase in tariffs in EU and US
- Ban of Combustion Engines on the rise (2030)
- Economic Policy Changing Globally – uncertain future
- Urbanization
- Electric Vehicles
- Oil prices increasing
- Low demand for youth
- We need to act now – significant changes occurring!

Problem

Analysis

Decision

Alternatives

Recommendation

Implementation

Finances

Dashboard

COMPETITIVE LANDSCAPE

Competitor	Offering	Position
Honda	Small- Mid CC	Global
Indian	Mid- Large CC	Global
Royal Enfield	Small – Mid CC	India / North America
Triumph	Mid- Large CC	Global
BMW	Small – Large CC	Global
Yamaha	Small- Mid CC	Global

DECISION CRITERIA

Stakeholder Value

- Shareholders
- Employees
- Customers

Growth and Sustainability

- EV
- Profitability
- Address the disruption

Future Needs

- Financial Growth
- Competitors reaction to market

Maintain Brand

- Brand stewardship (115 years)

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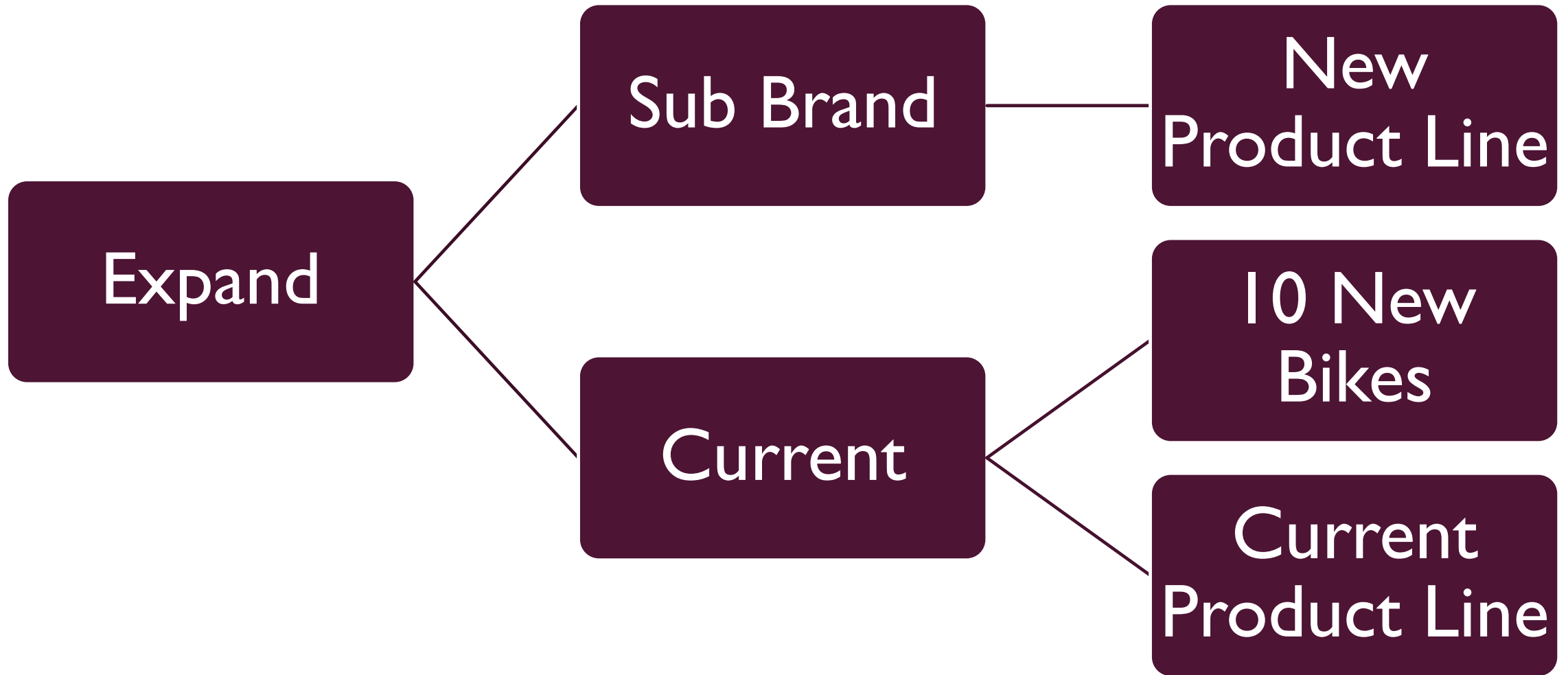
Recommendation

Implementation

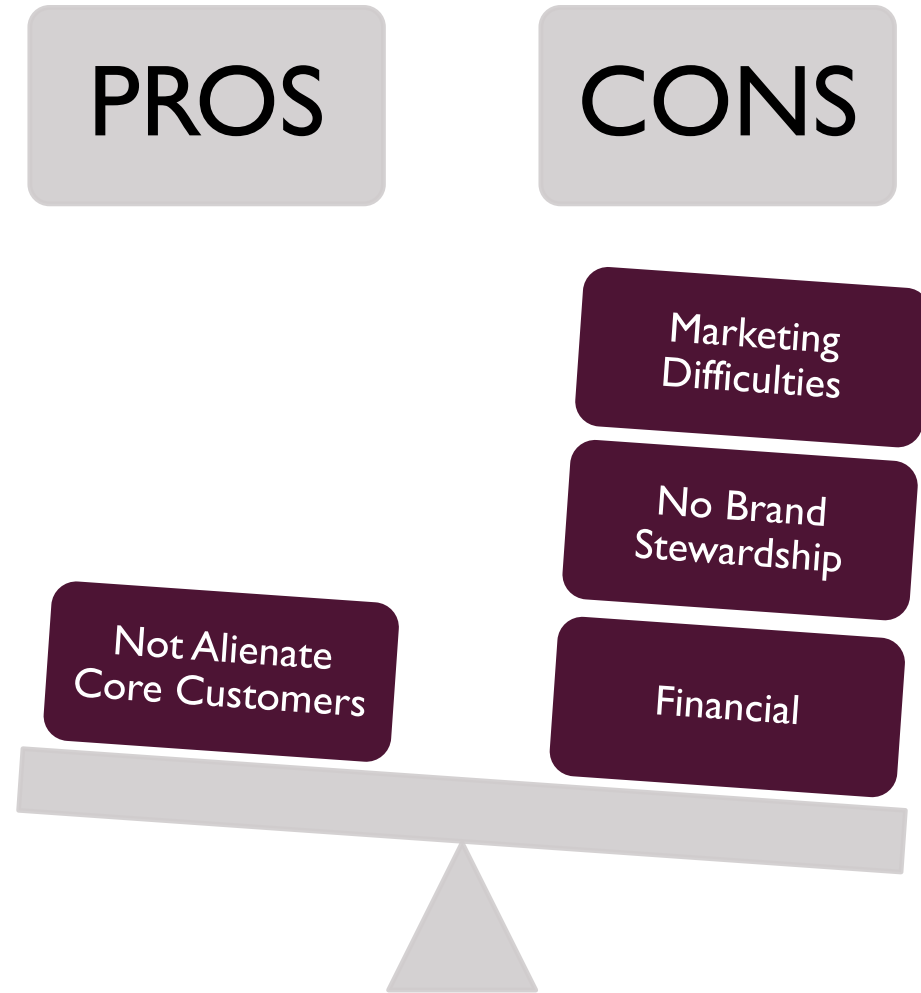
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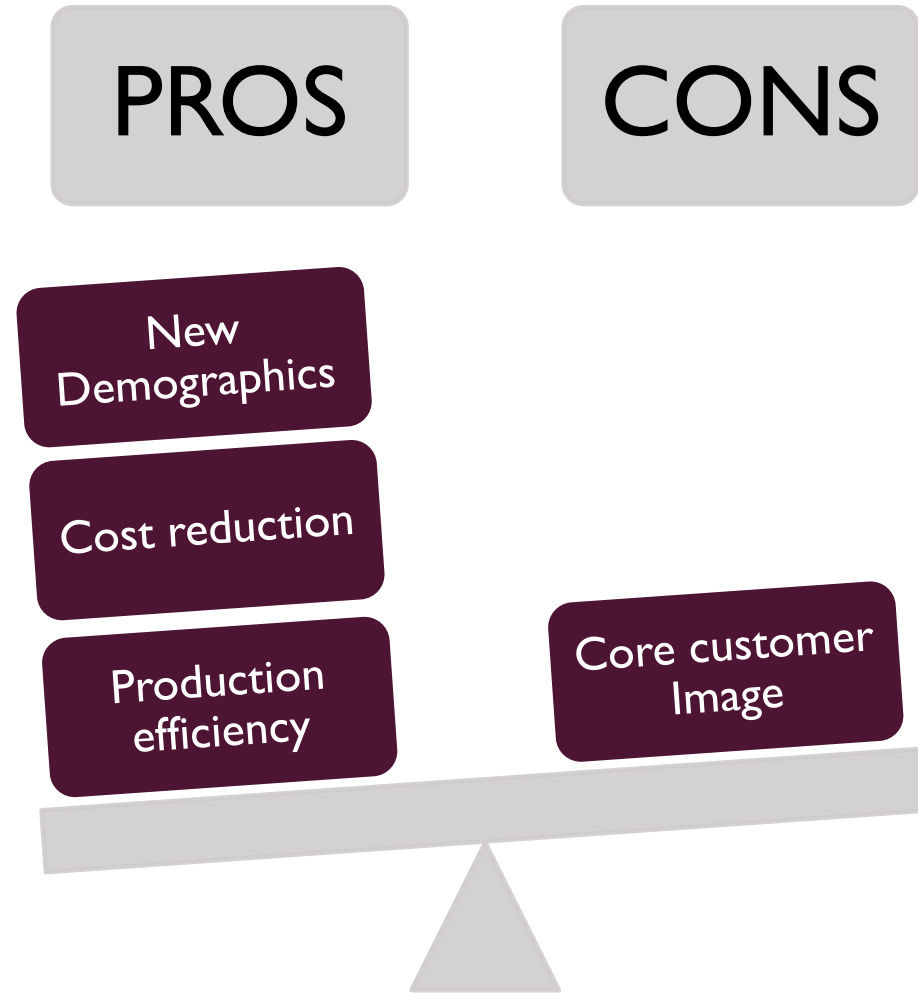
ALTERNATIVES CONSIDERED- GLOBAL & DOMESTIC EXPANSION



ALTERNATIVES I – SUB BRAND



ALTERNATIVES 2 – EXPAND MARKET & PRODUCT LINES



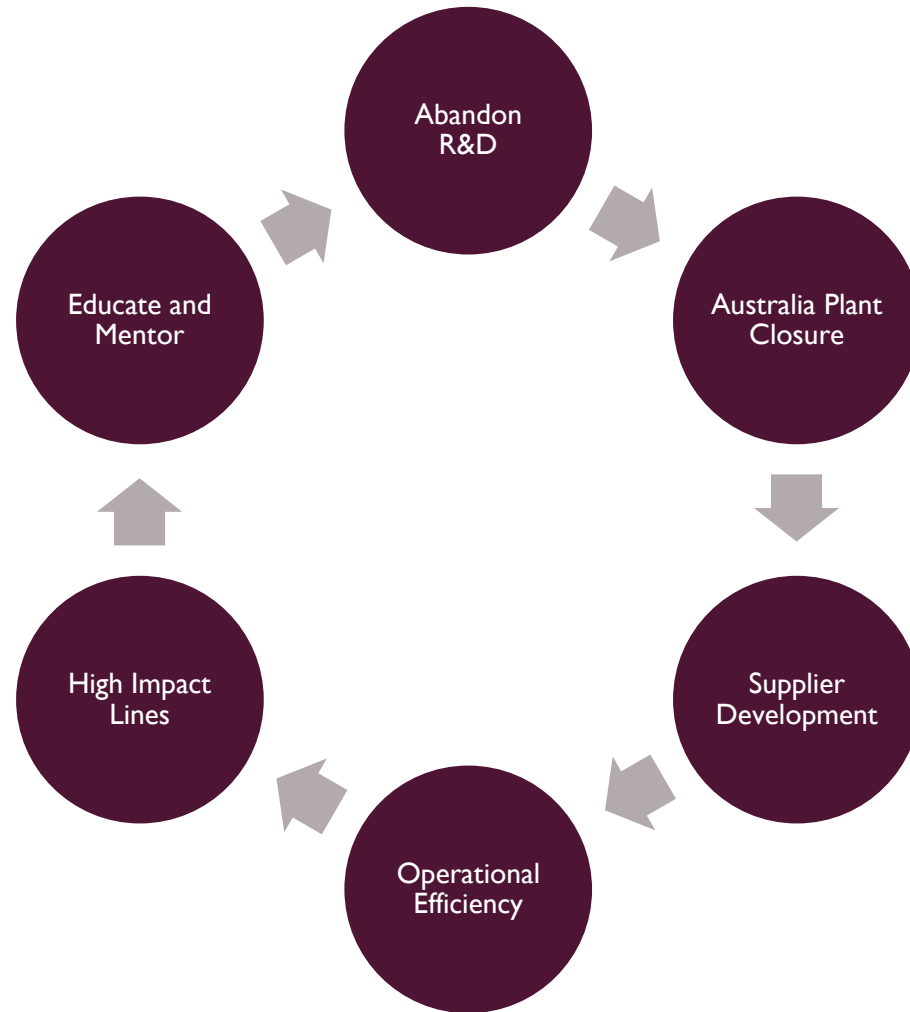
ALTERNATIVE MATRIX

	Stakeholder Values	Growth & Sustainability	Future Needs
Sub Brand	No	Yes	No
Expand Market & Product Line	Yes	Yes	Yes

SWITCHING LANES – EXPAND MARKET AND PRODUCT LINES

- 10 New “High Impact” Base Bikes
 - EV Bikes – Sound and Looks
 - Smaller CC engines- women and beginners
 - Highly customizable- appeal to different segments
 - Vintage line
- Meet global customer needs
 - Smaller CC engines for Asia

IMPLEMENTATION PLAN (2018 – 2022)



IMPLEMENTATION TIMELINE

Abandon R&D Efforts on Mid-Weight Gas Bikes	Australia Plant Closure	Supplier Development	Drive Operational Efficiency	Set-up High Impact Lines	Educate/Mentor Urban Population
<ul style="list-style-type: none"> • Reallocate R&D Resources 	<ul style="list-style-type: none"> • Decommission Equipment • Divest Assets • Transfer Equipment to Thailand 	<ul style="list-style-type: none"> • Investment in R&D • Battery Technology • Stability and Motion Technology 	<ul style="list-style-type: none"> • Assess Operations • Identify Opportunities for SCM • Lean Manufacturing Concepts • Invest in Digitization (systems) 	<ul style="list-style-type: none"> • India • Thailand • Brazil • Manufacturing Readiness for “high impact” motorcycles • Digitization (robotics) • Capacity simulations 	<ul style="list-style-type: none"> • Increasing Brand Awareness • Establish Dealerships in Urban Centers

2018 Q4

2019 Q1

2019 - 2021

2019 - 2021

2021

2022

Problem → Analysis → Decision → Alternatives → Recommendation → Implementation → Finances → Dashboard

IMPLEMENTATION COSTS

Abandon R&D Efforts on Mid-Weight Gas Bikes	Australia Plant Closure	Supplier Development	Drive Operational Efficiency	Set-up High Impact Lines	Educate/Mentor Urban Population
• \$1 Million	• Realize savings	• \$30-50 Million	• Realize savings of \$75 Million	• \$100 Million	• \$5 Million

2018 Q4

2019 Q1

2019 - 2021

2019 - 2021

2021

2022

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SALES PROJECTIONS

	2013	2017	2018	2020	2022	2025	2027
Total EMEA	42609	44935	45834	35000	25000	20000	10000
+Livewire (2019)				20000	25000	31250	42350
Japan	10751	9506	9031	8579	8150	7743	7356
+Livewire (2019)				450	495	545	650
Asia Pacific	16139	20842	22926	25219	27741	30515	33566
+ "high impact"(2022)					60000	66000	72600
Latin America	11415	9452	8979	8530	8104	7699	7314
+ "high impact"(2022)					15000	17500	19250
Canada	11062	10081	9577	9098	8643	8211	7800
+Livewire (2019)				500	550	605	666

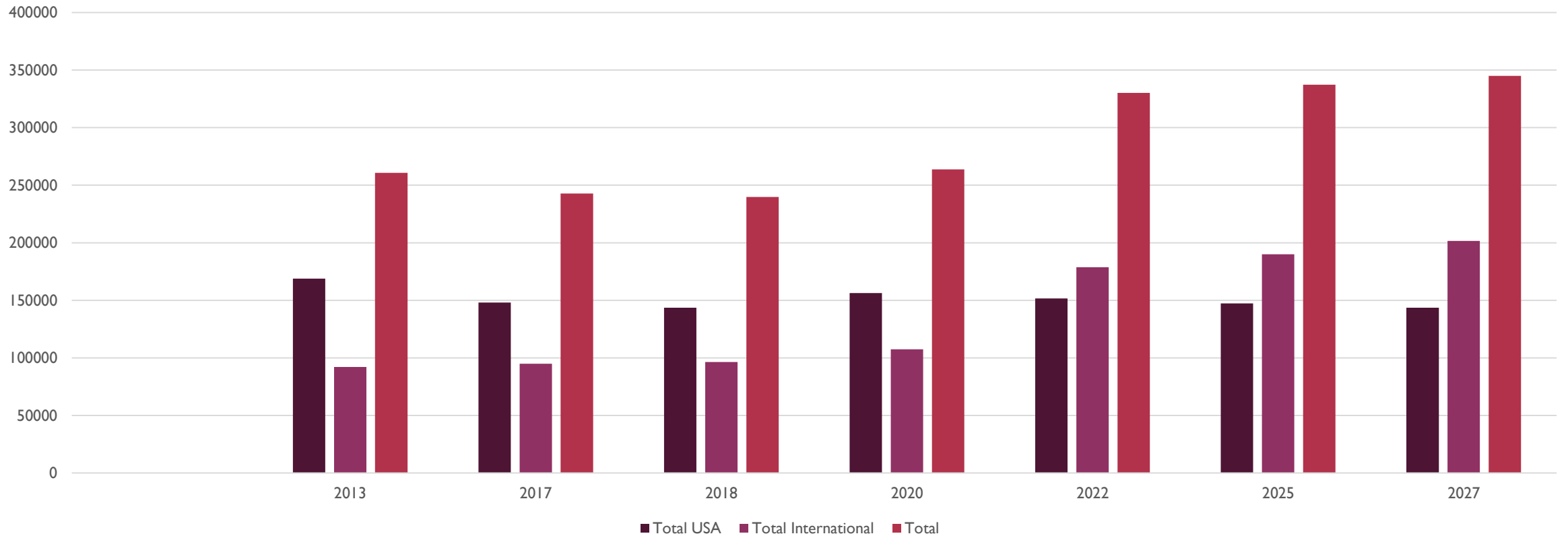
United States	168863	147972	143532.84	136356.198	129538.3881	123061.4687	116908.4
+Livewire (2019)				20000	22000	24200	26620

	2013	2017	2018	2020	2022	2025	2027
Total USA	168863	147972	143533	156356	151538	147261	143528
Total International	91976	94816	96347	107377	178683	190067	201552
Total	260839	242788	239880	263733	330221	337328	345080

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SALES PROJECTIONS

Sales Projections



REVENUE PROJECTIONS

		2017	2018	2020	2022	2025	2027
Revenue							
Motorcycles		\$ 3,825,206	\$ 3,845,519	\$ 3,799,456	\$ 4,304,952	\$ 4,312,635	\$ 4,332,384
Parts & Accessories		\$ 804,363	\$ 884,799.30	\$ 973,279.23	\$ 1,070,607.15	\$ 1,177,667.87	\$ 1,295,434.66
General Merchandise		\$ 262,776	\$ 263,880.00	\$ 265,000.00	\$ 291,500.00	\$ 364,375.00	\$ 455,468.75
Financial Services		\$ 732,197	\$ 745,000.00	\$ 745,000.00	\$ 819,500.00	\$ 1,024,375.00	\$ 1,280,468.75
Total Revenue		\$ 5,647,224	\$ 5,739,198	\$ 5,782,735	\$ 6,486,559	\$ 6,879,053	\$ 7,363,757
Cost of Revenue		\$ 3,441,876	\$ 3,650,000	\$ 3,524,468	\$ 3,953,435	\$ 4,192,652	\$ 4,488,070
Gross Profit		\$ 2,205,348	\$ 2,089,198	\$ 2,258,268	\$ 2,533,124	\$ 2,686,400	\$ 2,875,687
Total Operating Expenses		\$ 1,314,085	\$ 1,335,487	\$ 1,345,618	\$ 1,297,312	\$ 1,375,811	\$ 1,472,751
Operating Income		\$ 891,263	\$ 753,711	\$ 912,650	\$ 1,235,812	\$ 1,310,590	\$ 1,402,935
Interest Expense		\$ 31,004	\$ 31,000	\$ 34,100	\$ 37,510	\$ 41,261	\$ 45,387
Income Before Taxes		\$ 863,839	\$ 722,711	\$ 878,550	\$ 1,198,302	\$ 1,269,329	\$ 1,357,548
Provision for Taxes (40%)		\$ 342,080	\$ 289,085	\$ 351,420	\$ 479,321	\$ 507,732	\$ 543,019
Net Income		\$ 521,759	\$ 433,627	\$ 527,130	\$ 718,981	\$ 761,597	\$ 814,529

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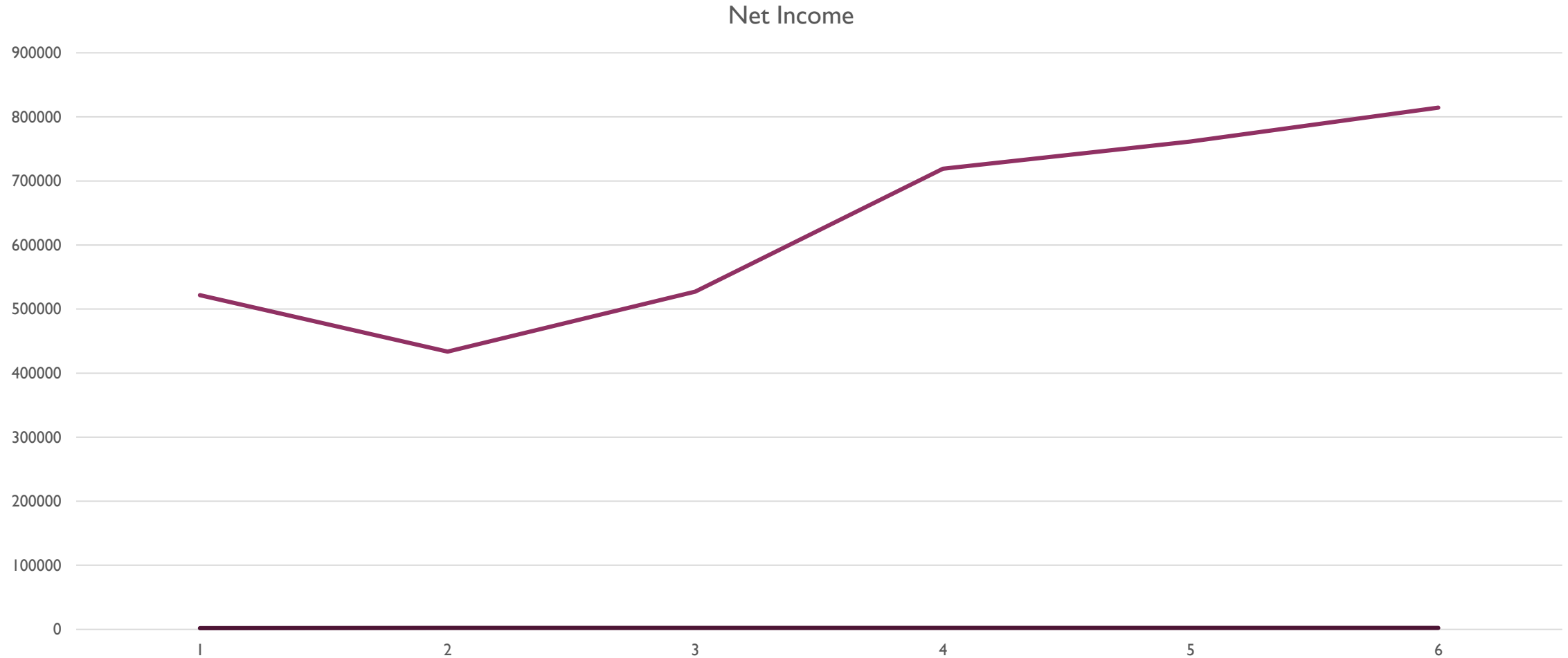
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REVENUE PROJECTIONS



EARNINGS PER SHARE

Earnings Per Share													
Basic		\$	3.03	\$	2.52	\$	3.06	\$	4.18	\$	4.43	\$	4.74
Diluted		\$	3.02	\$	2.51	\$	3.05	\$	4.16	\$	4.40	\$	4.71

RISKS

Risk	Metrics	Contingency
Low Brand adoption globally	Decrease in % of new sales	Insure customers needs/ wants are covered.
Supply Chain Issues	Operating cost increase	Look to additional suppliers
Current customers leave	% Market share decrease	Proper marketing and still offer traditional products
Economic environment	New policies and laws	Adapt strategy

KPI'S BY 2027

EPS \$5.00

Operational
Efficiency 95%

Inventory Turns
18

Sales Increase 60%